


COUNCIL COMMUNICATION

 CITY OF DES MOINES OFFICE OF THE CITY MANAGER	Number:	22-550	Meeting:	November 21, 2022
	Agenda Item:	33	Roll Call:	22-1804
	Submitted by:	Michael Ludwig, Interim Development Services Director		

AGENDA HEADING:

Resolution approving an American Rescue Plan Act (ARPA) Affordable Housing Allocation and authorizing City Manager to execute grant agreement with Star Apartments, LLC (Cutler Development).

SYNOPSIS:

Star Apartments, LLC (Molly and Scott Cutler, Partners, 1307 50th Street, West Des Moines, IA 50266) is proposing the construction of a new 3-floor mixed-use building at 2701 Ingersoll Avenue, currently the site of a Star Gas Station, which will be demolished to make way for the project. The project will consist of 20 multi-family units on the second and third floors as well as 6,500 square feet of commercial space on the first floor.

The Developer has committed to providing 100% of the residential units at an affordable rent structure with 20% of the units at 30% of the Area Median Income (AMI), 20% of the units at 60% AMI, and 60% of the units at the 80% of the AMI. A link to the 2022 Polk County AMI requirements can be found at the following link:

https://www.huduser.gov/portal/datasets/homedatasets/files/HOME_IncomeLmts_State_IA_2022.pdf

FISCAL IMPACT:

Amount: \$370,000 paid upon project completion and issuance of certificate of occupancy.

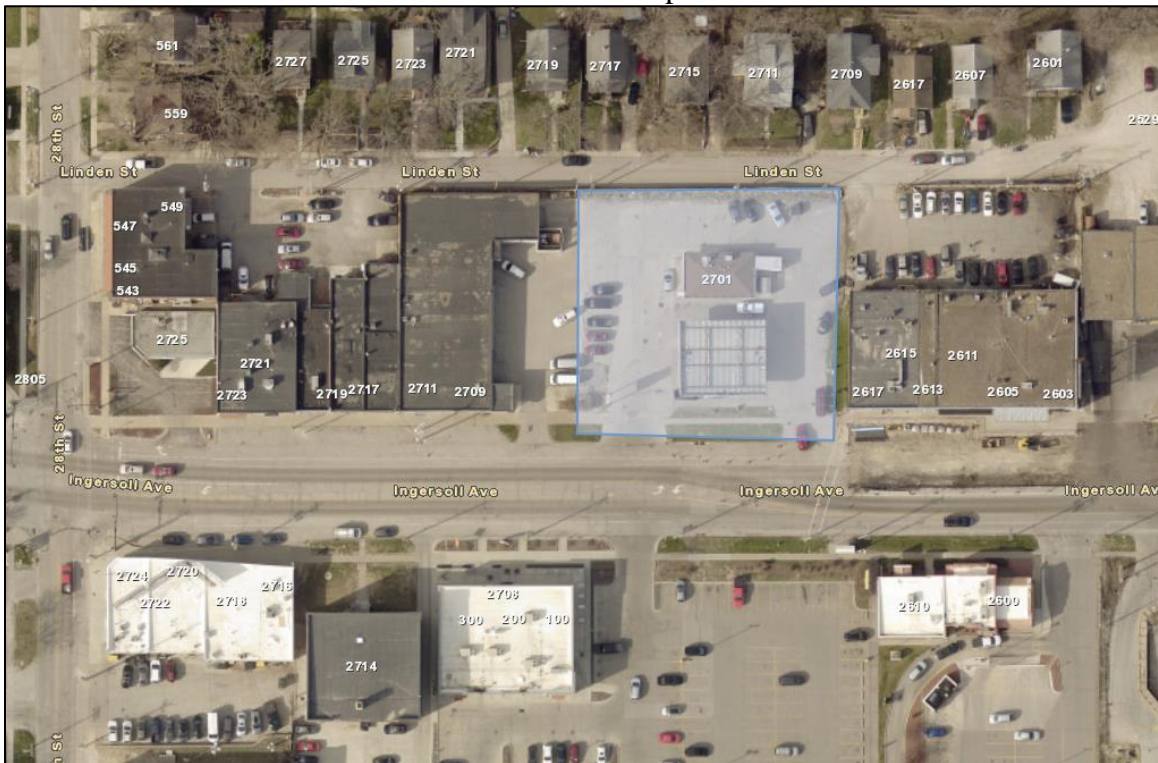
Funding Source: The City Manager is granted the authority to approve funding up to \$500,000 out of a sub fund of the general fund made possible by American Rescue Plan Act funding, affordable housing designated funds, and subject to approval by the Finance and Legal departments.

ADDITIONAL INFORMATION:

- Total project cost is estimated at \$7,223,000 million; and construction is expected to begin in the spring of 2023 with completion anticipated in early 2024.
- The affordable unit mix includes three (3) studio units, 14 1-bedroom units, and three (3) 2-bedroom units.
- The Developer has been successful in securing a United States Forest Service Wood Innovations Grant for this unique type of construction, mass timber.

- Affordability term for City of Des Moines ARPA affordable housing allocations is 10 years. Alternate project funding sources such as Urban Renewal Development Agreements, state or federal grants and other programs may have terms that extend the affordability term beyond 10 years.
- Polk County will need to add 57,170 net new housing units by 2038 simply to accommodate net new workers in the region (2018 Workforce Housing Study for Downtown, Virginia Tech Center for Housing Research {VCHR}, page 39).
- Employment-driven housing demand forecasts suggest a need for 23,577 new rental units over the 2018 to 2038 period to accommodate net new working households. More than three quarters (77.5% of all rental units, or 18,264 units) will need to have rents below \$1,250 (VCHR, page 40).
- The largest share of net new working households - 47.4% or more than 27,100 households will have incomes between \$25,000 and \$49,999 (VCHR, page 2).

Location of Development



Rendering of Before and After Construction



PREVIOUS COUNCIL ACTION(S):

Date: October 24, 2022

Roll Call Number: [22-491](#)

Action: [HOME](#) Investment Partnership Program (HOME) Agreement with Star Lofts, LLC (Cutler Development) for 2701 Ingersoll Avenue, \$350,000 ([Council Communication No. 22-491](#)) Moved by Gatto to adopt. Second by Boesen. Motion Carried 7-0.

BOARD/COMMISSION ACTION(S): NONE

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:

- Plan and Zoning Commission - approval of the site plan and determination on any necessary Type II design waivers.

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